

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: December 6, 2004

SUBJECT: Fiscal Impact Statement: “Fort Lincoln Washington Gateway
Project Retail Priority Area Approval Resolution of 2004”

REFERENCE: Proposed Resolution 15-1165

Conclusion

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the “Fort Lincoln Washington Gateway Project Retail Priority Area Approval Resolution of 2004.” There is currently authority under the \$300 million TIF bond cap to allow for the issuance of notes for this project.

Background

Under the terms of the Retail Incentive Act of 2004, the role of the Chief Financial Officer consists of (1) providing a finding of whether the proposed Retail Priority Area is consistent with the financial plan and (2) whether there is authority available under the \$300 million TIF bond cap. The Chief Financial Officer neither certifies the project nor issues the bonds. No view is provided on whether or not the project could proceed without the TIF grant.

The proposed legislation would authorize a \$10 million TIF Note to Fort Lincoln/Washington Gateway LLC to support development of a 350,000 square foot shopping center known as the Washington Gateway Shopping Center. The TIF Note will carry a 6.5 percent interest rate and will have a 12-year term. The District insures full payment of the note by allocating up to 80 percent of incremental revenue above debt service to pay for any shortfall in prior years, if such a shortfall occurs.

Whether or not the project has a negative or positive impact on the General Fund during the financial planning period cannot be predicted at this time. It will largely depend on the success of the new stores and if there is displacement of existing District sales versus displacement of sales currently occurring in Maryland and Virginia. There should be sufficient time to make adjustments to the financial plan if necessary.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan. The attached table shows the TIF debt authority to-date, plus the addition of Fort Lincoln.